DOLLAR GENERAL CORP

FORM 10-Q
(Quarterly Report)

Filed 12/13/99 for the Period Ending 10/29/99

Address	100 MISSION RIDGE GOODLETTSVILLE, TN, 37072
Telephone	6158554000
CIK	0000029534
Symbol	DG
SIC Code	5331 - Retail-Variety Stores
Industry	Discount Stores
Sector	Consumer Cyclicals
Fiscal Year	02/02

DOLLAR GENERAL CORP

FORM 10-Q
(Quarterly Report)

Filed 12/13/1999 For Period Ending 10/29/1999

Address	100 MISSION RIDGE
	GOODLETTSVILLE, Tennessee 37072
Telephone	615-855-4000
CIK	0000029534
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	01/31

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 29, 1999

Commission file number 1-11421

DOLLAR GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

TENNESSEE	61-0502302
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

100 Mission Ridge
Goodlettsville, Tennessee 37072
(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: (615) 855-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No____.

The number of shares of common stock outstanding at December 3, 1999, was 264,317,067.

Dollar General Corporation

Form 10-Q

For the Quarter Ended October 29, 1999

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)

	Oct. 29 1999 (Unaudited)	Jan. 29, 1999 *	Oct. 30 1998 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 35,690	$ 22,294	$ 18,254
Merchandise inventories	1,105,503	811,722	944,266
Deferred income taxes	5,373	2,523	6,233
Other current assets	67,162	42,378	34,692
Total current assets	1,213,728	878,917	1,003,445
Property and equipment, at cost	560,219	528,238	477,281
Less: accumulated depreciation	235,360	201,830	188,241
	324,859	326,408	289,040
Other assets	10,538	6,459	6,498
Total assets	$1,549,125	$1,211,784	$1,298,983
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	$ 1,243	$ 725	$ 649
Short-term borrowings	180,099	0	259,679
Accounts payable	347,563	257,759	280,776
Accrued expenses	115,263	172,825	85,398
Income taxes	29,290	23,825	8,026
Total current liabilities	673,458	455,134	634,528
Long-term debt	1,526	786	189
Deferred income taxes	12,079	30,103	12,277
Shareholders' equity:			
Preferred stock	0	858	858
Common stock	132,653	105,121	105,010
Additional paid-in capital	250,321	418,039	415,762
Retained earnings	479,088	402,270	330,886
	862,062	926,288	852,516
Less: treasury stock	0	200,527	200,527
Total shareholders' equity	862,062	725,761	651,989
Total liabilities and shareholders' equity	$1,549,125	$1,211,784	$1,298,983

* Derived from the January 29, 1999 audited financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Oct. 29 1999	Oct. 30 1998	Oct. 29 1999	Oct. 30 1998
Net sales	$ 950,419	$ 781,389	$ 2,710,222	$ 2,228,004
Cost of goods sold	672,562	556,655	1,956,836	1,607,457
Gross profit	277,857	224,734	753,386	620,547
Selling, general and administrative expense	195,753	158,445	546,211	449,786
Operating profit	82,104	66,289	207,175	170,761
Interest expense	2,326	3,315	5,102	6,285
Income before taxes on income	79,778	62,974	202,073	164,476
Provision for taxes on income	28,919	22,636	73,251	60,445
Net income	$ 50,859	$ 40,338	$ 128,822	$ 104,031
Diluted earnings per share	$ 0.19	$ 0.15	$ 0.48	$ 0.39
Weighted average diluted shares	270,391	268,341	269,712	268,454
Basic earnings per share	$ 0.19	$ 0.18	$ 0.54	$ 0.46

The accompanying notes are an integral part of these consolidated financial statements.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)
(Unaudited)

	Six Months Ended Oct. 29 1999	Oct. 30 1998
Operating activities:		
Net income	$ 128,822	$ 104,031
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	46,759	38,825
Deferred income taxes	(20,874)	(10,150)
Change in operating assets and liabilities:		
Merchandise inventories	(293,781)	(312,312)
Other current assets	(24,784)	(12,808)
Accounts payable	89,804	100,818
Accrued expenses	(57,562)	(6,629)
Income taxes	5,465	(4,317)
Other	(30)	1,751
Net cash used in operating activities	(126,181)	(100,791)
Investing activities:		
Purchase of property and equipment	(112,441)	(104,090)
Proceeds from sale of property and equipment	63,182	16,105
Net cash used in investing activities	(49,259)	(87,985)
Financing activities:		
Issuance of short-term borrowings	237,914	358,078
Repayments of short-term borrowings	(57,815)	(120,332)
Issuance of long-term debt	3,104	0
Repayments of long-term debt	(1,846)	(1,906)
Payments of cash dividend	(25,619)	(20,960)
Proceeds from exercise of stock options	32,235	27,247
Repurchase of common stock	(26,999)	(73,236)
Tax benefit of stock options exercised	27,862	30,256
Other	0	755
Net cash provided by financing activities	188,836	199,902
Net increase in cash and cash equivalents	13,396	11,126
Cash and cash equivalents, beginning of period	22,294	7,128
Cash and cash equivalents, end of period	$ 35,690	$ 18,254

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands except per share amounts)

(Unaudited)

1. Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all of the disclosures normally required by generally accepted accounting principles or those normally made in the Company's Annual Report on Form 10-K. Accordingly, the reader of the quarterly report on Form 10-Q should refer to the Company's Annual Report on Form 10-K for the year ended January 29, 1999, for additional information.

The accompanying consolidated financial statements have been prepared in accordance with the Company's customary accounting practices and have not been audited. In management's opinion, all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the consolidated results of operations for the three-month and nine-month periods ended October 29, 1999 and October 30, 1998, have been made. Certain reclassifications have been made to the 1998 financial statements to agree to the 1999 presentation.

Interim cost of goods sold is determined using estimates of inventory shrinkage, inflation, and markdowns which are adjusted to reflect actual results at year-end. Because of the seasonal nature of the Company's business, the results for interim periods are not necessarily indicative of the results to be expected for the entire year.

2. Shareholders' Equity

Changes in shareholders' equity for the nine months ended October 29, 1999 and October 30, 1998 were as follows.

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balances, January 30, 1998	$ 858	$ 83,526	$379,954	$320,085	$ (200,527)	$583,896
Net income				104,031		104,031
5-for-4 stock split, September 21, 1998		21,090	(21,090)			0
Cash dividend, $.10 per common share, as declared				(18,438)		(18,438)
Cash dividend, $1.65 per preferred share				(2,555)		(2,555)
Issuance of common stock under employee stock incentive plans		1,377	25,903			27,280
Stock repurchase		(999)		(72,237)		(73,236)
Tax benefit of stock options exercised			30,256			30,256
Transfer to 401(k) savings and retirement plan		16	739			755
Balances, October 30, 1998	$ 858	$105,010	$415,762	$330,886	$ (200,527)	$651,989

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balances, January 29, 1999	$ 858	$105,121	$418,039	$402,270	$ (200,527)	$725,761
Net income				128,822		128,822
Cash dividend, $.10 per common share, as declared				(24,441)		(24,441)
Cash dividend, $1.37 per preferred share				(1,178)		(1,178)
5-for-4 stock split, May 24, 1999		26,573	(26,573)			-
Issuance of common stock under employee stock incentive plans		1,573	30,662			32,235
Conversion of preferred stock to common stock	(858)		(199,669)		200,527	-
Stock repurchase		(614)		(26,385)		(26,999)
Tax benefit of stock options exercised			27,862			27,862
Balances, October 30, 1999	$ -	$132,653	$250,321	$479,088	$ -	$862,062

3. Earnings Per Share

Shares have been adjusted for all stock splits including the May 24, 1999 five-for-four common stock split.

	Nine months ended October 29, 1999		
	Income	Shares	Per-Share Amount
Net income	$ 128,822		
Less: preferred stock dividends	1,178		
Basic earnings per share:			
Income available to common shareholders	$ 127,644	237,260	$ 0.54
Stock options outstanding		5,182	
Convertible preferred stock	1,178	27,270	
Diluted earnings per share:			
Income available to common shareholders plus assumed conversions	$ 128,822	269,712	$ 0.48

	Nine months ended October 29, 1998		
	Income	Shares	Per-Share Amount
Net income	$ 104,031		
Less: preferred stock dividends	2,555		
Basic earnings per share:			
Income available to common shareholders	$ 101,476	220,954	$ 0.46
Stock options outstanding		6,594	
Convertible preferred stock	2,555	40,906	
Diluted earnings per share:			
Income available to common shareholders plus assumed conversions	$ 104,031	268,454	$ 0.39

	Three months ended October 29, 1999		
	Income	Shares	Per-Share Amount
Basic earnings per share:			
Net income	$ 50,859	265,466	$ 0.19
Stock options outstanding		4,925	
Diluted earnings per share: Income available to common shareholders plus assumed conversions	$ 50,859	270,391	$ 0.19

	Three months ended October 30, 1998		
	Income	Shares	Per-Share Amount
Net income	$ 40,338		
Less: preferred stock dividends	942		
Basic earnings per share:			
Income available to common shareholders	$ 39,396	221,477	$ 0.18
Stock options outstanding		5,958	
Convertible preferred stock	942	40,906	
Diluted earnings per share: Income available to common shareholders plus assumed conversions	$ 40,338	268,341	$ 0.15

4. Preferred Stock Conversion

On August 23, 1999, the holders of all of the Company's 1.7 million shares of Series A Convertible Junior Preferred Stock converted their shares to 40.9 million shares of Dollar General Common Stock in accordance with the relevant provisions of the Company's charter. Consequently, preferred stock and treasury stock balances were reduced to zero.

5. Common Stock Repurchases

The Board has authorized a share repurchase program wherein the Company may purchase up to 6.25 million shares from time to time in the open market or in privately negotiated transactions. The Company may repurchase shares depending upon the market price of the shares and other factors in order to offset the impact of the Company's employee stock option program and to take advantage of an undervalued share price as cash is available.

As a part of its share repurchase program, the Company entered into equity collar arrangements with independent third parties. Under these arrangements, the Company sold put warrants to independent third parties which entitle the holders to sell shares of the Company's common stock to the Company on certain dates at specified prices. In addition, the Company purchased call options which entitled the Company to purchase shares of the Company's common stock on certain dates at specified prices. The Company has the option of a net-share settlement. In the third quarter, the Company exercised its option to purchase shares under the call options.

For the nine months ended October 29, 1999 the Company repurchased 1.2 million shares of common stock, including 0.7 million shares under the call option described above. The Company may purchase an additional 5.0 million shares under the current authorization which expires May 1, 2001. At October 29, 1999, put warrants on 2.0 million shares of common stock were outstanding. The outstanding warrants expire in March 2000 and have strike prices ranging from $23 to $26 per share.

6. Segment Reporting

The Company manages its business on the basis of one reportable segment. As of October 29, 1999 and October 30, 1998, all of the Company's operations were located within the United States. The following data is presented in accordance with Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information."

	Three Months Ended		Nine Months Ended	
	Oct. 29, 1999	Oct. 30, 1998	Oct. 29, 1999	Oct. 30, 1998
Classes of similar products				
Net sales:				
Hardlines	$781,141	$634,587	$2,229,294	$1,821,277
Softlines	169,278	146,802	480,928	406,727
	$950,419	$781,389	$2,710,222	$2,228,004

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis contains both historical and forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Although Dollar General Corporation (the "Company") believes the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements will prove to be accurate. Forward-looking statements may be significantly impacted by certain risks and uncertainties, including, but not limited to: general transportation and distribution delays or interruptions; interruptions in suppliers' operations; inventory risks due to shifts in market demand; changes in product mix; costs and delays associated with building, opening and operating new distribution centers; inventory risks due to the Company's failure to timely flow merchandise from the vendors to stores; and the other risk factors referenced in the Annual Report on Form 10-K for the year ended January 29, 1999 and the Company's other periodic reports and filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances occurring after the date of this report.

The following text contains references to years 1999, 1998, 1997 and 1996 which represent fiscal years ending or ended January 28, 2000, January 29, 1999, January 30, 1998 and January 31, 1997, respectively. This discussion and analysis should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and their notes thereto.

RESULTS OF OPERATIONS

The nature of the Company's business is seasonal. Historically, sales in the fourth quarter have been significantly higher than sales achieved in each of the first three quarters of the fiscal year. Thus, expenses, and to a greater extent operating income, vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, comparing any period to a period other than the same period of the previous year may reflect the seasonal nature of the Company's business.

NINE MONTHS ENDED OCTOBER 29, 1999 AND OCTOBER 30, 1998

NET SALES. Net sales for the first nine months of 1999 increased $482.2 million, or 21.6%, to $2,710.2 million from $2,228.0 million for the comparable period in 1998. The increase resulted from 570 net additional stores being in operation as of October 29, 1999, as compared with October 30, 1998, and an increase of 7.4% in same-store sales. The increase in same-store sales for the nine-month period ended October 29, 1999 was primarily driven by continued improvements in the Company's consumable basic merchandise mix and improved in-stock levels. Same-store sales increased 11.4% for the same period last year driven by the addition of 700 faster-turning consumable items to the merchandise mix and refurbishing more than 2,400 stores to a new prototype reflecting a 65% hardlines/35% softlines space allocation versus the previous 50%/50% allocation. The sales mix for the nine months ended October 29, 1999 was 82% hardlines/18% softlines versus 82% and 18%, respectively, for the same period last year.

The Company defines same stores as those opened before the beginning of the previous fiscal year which have remained open throughout the current period.

GROSS PROFIT. Gross profit for the first nine months of 1999 was $753.4 million, or 27.8% of net sales, compared with $620.5 million, or 27.9% of net sales, in the same period last year. The percent of sales decrease was driven by higher distribution expense associated with the operation of one additional distribution center.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE. SG&A expense for the first nine months of 1999 totaled $546.2 million, or 20.2% of net sales, compared with $449.8 million, or 20.2% of net sales during the comparable period last year. Total SG&A expense increased 21.4% primarily as a result of 570 net additional stores being in operation compared with the same nine-month period last year.

INTEREST EXPENSE. Interest expense for the first nine months of 1999 decreased to $5.1 million, or 0.19% of sales, compared with $6.3 million or 0.28%, in the comparable period last year. This decrease is primarily a result of lower average borrowings during the comparable period, due to cash proceeds from sale/leaseback transactions.

PROVISIONS FOR TAXES ON INCOME. The effective income tax rate for the nine-month and three-month periods ended October 29, 1999 was 36.3%, compared with 36.8% and 35.9% in the comparable periods last year. The nine-month effective tax rate for 1999 decreased as a result of certain tax planning strategies. The effects of these strategies were first recognized in the third quarter last year.

THREE MONTHS ENDED OCTOBER 29, 1999 AND OCTOBER 30, 1998

NET SALES. Net sales for the quarter increased $169.0 million, or 21.6%, to $950.4 million from $781.4 million for the comparable period in 1998. The increase resulted from 570 net additional stores being in operation as of October 29, 1999, compared with October 30, 1998, and an increase of 7.4% in same-store sales. Same-store sales increased 6.5% for the third quarter last year. The increase in same-store sales for the three month period ended October 29, 1999 was primarily driven by continued improvements in the Company's consumable basic merchandise mix and improved in-stock levels. The sales mix for the quarter ended October 29, 1999 was 82% hardlines/18% softlines versus 81% and 19%, respectively, for the same quarter last year.

GROSS PROFIT. Gross profit for the quarter was $277.9 million, or 29.2% of net sales, compared with $224.7 million, or 28.8% of net sales, in the same period last year. The percent of sales increase was driven primarily by lower transportation expense.

SELLING, GENERAL AND ADMINISTRATIVE (SG&A) EXPENSE. SG&A expense for the quarter totaled $195.8 million, or 20.6% of net sales, compared with $158.4 million, or 20.3% of net sales during the comparable period last year. Total SG&A expense increased 23.6% primarily as a result of 570 net additional stores being in operation compared with the same three month period last year.

INTEREST EXPENSE. Interest expense for the quarter decreased to $2.3 million, or 0.24% of sales, from $3.3 million, or 0.42% of sales, in the comparable period last year. This decrease is primarily a result of lower average borrowings during the comparable period, due to cash proceeds from sale/leaseback transactions.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities - Net cash used by operating activities totaled $126.2 million during the first nine months of 1999, compared with $100.8 million in the comparable period last year. This increase in use of cash was primarily driven by decreased accrued expenses resulting from decreases in advances received from the sale/leasebacks of the South Boston, Virginia distribution center expansion and the Ardmore, Oklahoma distribution center.

Cash flows from investing activities - Net cash used by investing activities totaled $49.3 million during the first nine months of 1999 compared with $88.0 million in the comparable period last year. The decrease in cash used by investing activities was primarily the result of proceeds recognized in 1999 from the sale/leasebacks of the South Boston, Virginia distribution center expansion and the Ardmore, Oklahoma distribution center. Current period cash used resulted from $112.4 million in capital expenditures primarily from opening 501 new stores during the first nine months of 1999.

Cash flows from financing activities - Total debt (including current maturities and short-term borrowings) at October 29, 1999 was $182.8 million compared with $260.5 million at October 30, 1998.

Because of the significant impact of seasonal buying (e.g., Spring and December holiday purchases), the Company's working capital requirements vary significantly during the year. These working capital requirements were financed by short-term borrowings under the Company's $175.0 million revolving credit/term loan facility and short-term bank lines of credit totaling $130.0 million at October 29, 1999. The Company had short-term borrowings of $180.1 million outstanding as of October 29, 1999 and $259.7 million as of October 30, 1998. Management believes seasonal working capital expenditure requirements will continue to be met through cash flow provided by operations supplemented by the revolving credit facility and short-term bank lines of credit.

On June 11, 1999, the Company entered into a five year commercial paper funded synthetic lease facility with $200.0 million capacity. This facility will be funded as needed for the construction of new stores and new distribution centers.

The Company had previously entered into a synthetic lease facility with $225.0 million capacity to fund the capital requirements for the construction of new stores, new distribution centers and the new corporate headquarters complex.

On July 16, 1999, the Company replaced its existing interest-rate-swap agreements with $200 million in interest rate swaps maturing in February 2001 with an option by the counter-parties to extend the swap to September 2002. The purpose of the interest rate swap is to fix the interest rate on $200 million of leveraged lease financing.

ACCOUNTING PRONOUNCEMENTS

The Company is in the process of analyzing the impact of the adoption of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133." Adoption of this Statement, as amended, is required for the Company's fiscal year ending February 1, 2002.

YEAR 2000

The Company recognizes that without appropriate modification some computer programs may not operate properly when asked to recognize the year 2000. Upon reaching the year 2000, these computer programs will inaccurately interpret the "00" used in two-digit date calculations as the year 1900. In anticipation of the need to correct and otherwise prepare for any potential year 2000 computer problems, the Company formed a Year 2000 Task Force (the "Task Force") which has developed a year 2000 compliance plan (the "Plan"). The Plan addresses the Company's state of readiness, the costs to address the Company's year 2000 issues, the risks of the Company's year 2000 issues and the Company's contingency plans.

The Company's state of readiness

Internal Systems: The Company's Plan addresses all of the Company's hardware and software systems, as well as equipment controlled by microprocessors used in the offices, stores, and distribution centers. As a part of the Plan, the Task Force has completed its assessment of the Company's systems, has identified the Company's hardware, software and equipment that will not operate properly in the year 2000 and has remedied all foreseeable problems. The Plan has identified the Company's accounting, inventory management and warehouse management systems as critical systems. Programming changes and software replacement for systems that were not already year 2000 compliant have been completed. The Company has completed testing the year 2000 readiness of its systems. The Company's year 2000 compliance effort has not resulted in any material delays to other internal information technology projects.

External Systems: The Company has requested, and has received, written confirmation from vendors, suppliers and other service providers ("Third Party Vendors") as to their year 2000 system compliance status. Although the Company currently knows of no material Third Party Vendor system that will not be year 2000 ready, the failure of any significant Third Party Vendor to remedy its year 2000 issues could have a material adverse effect on the Company's operations, financial position or liquidity. The Company continues to aggressively monitor the progress of its Third Party Vendors in an effort to mitigate its own year 2000 non-compliance risk.

The costs to address the Company's year 2000 issues

Based on the Company's current estimates, the cost of addressing the Company's year 2000 remediation efforts will be approximately $510,000. To date, expenditures have been approximately $360,000. Costs are being expensed when incurred. This cost estimate excludes the costs of previously planned software implementations as well as salaries of existing employees involved in the year 2000 remediation efforts.

The risks of the Company's year 2000 issues

Management believes that its greatest risk to achieving timely year 2000 compliance is in its third-party relationships. For example, if a significant vendor experiences shipping delays because either its systems or a business partner's systems are not year 2000 compliant, such delays could have a material impact on the Company's business depending on the nature of the shipment and the length of the shipping delay. However, currently available information indicates that the Company's significant Third Party Vendors will be year 2000 ready. Management also believes there is a moderate level of risk associated with the unconfirmed year 2000 compliance status of utility companies that provide utility service to the Company's individual stores and its distribution centers.

The Company's contingency plans

The Company will continue to closely monitor the year 2000 compliance readiness of its Third Party Vendors and, where appropriate, will replace those Third Party Vendors who appear to be unwilling to confirm their year 2000 readiness or who are unable to meet compliance deadlines. The Company has developed a comprehensive business continuity plan ("BCP") that is designed to respond to significant business interruption. The BCP focuses on business recovery and continuation made necessary by natural disaster, year 2000 system non-compliance, vendor breach of contract or any other factor. Although it is impossible to accurately predict and prepare for all risks associated with the year 2000 issue, the Company will continue to evaluate and modify where appropriate its BCP to address those risks which it believes are reasonably foreseeable.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to market risk from exposure to changes in interest rates based on its financing, investing and cash management activities. The Company utilizes a credit facility to fund seasonal working capital requirements which is comprised primarily of variable rate debt. As of October 29, 1999, the Company had outstanding short term borrowings of $180.1 million at a weighted average interest rate of 5.57%.

On July 16,1999, the Company had $200 million in interest rate swap agreements maturing in February 2001 with an option by the counter-parties to extend the swap agreements to September 2002. These swap agreements exchange the Company's floating interest rate exposure so that the Company will pay a weighted average fixed rate of 5.26% on $200 million of the $225 million facility rather than a rate based on the one-month LIBOR, which was 5.46% at October 29, 1999. The fair value of the interest rate swap agreements was $2.0 million at October 29, 1999.

PART II - OTHER INFORMATION

Item 1. Not applicable.
Item 2. Not applicable.
Item 3. Not applicable.
Item 4. Not applicable.
Item 5. Not applicable.

Item 6. A. Exhibits:

27 Financial Data Schedule (for SEC use only)

B. Reports on Form 8-K

No Current Reports on Form 8-K were filed by Dollar General Corporation during the quarter ended October 29, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DOLLAR GENERAL CORPORATION
(Registrant)

December 10, 1999	*By:/s/ Brian M. Burr* *Brian M. Burr, Executive Vice President,* *Chief Financial Officer*

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS	9 MOS
FISCAL YEAR END	JAN 28 2000	JAN 29 1999
PERIOD END	OCT 29 1999	OCT 30 1998
CASH	35,690	18,254
SECURITIES	0	0
RECEIVABLES	0	0
ALLOWANCES	0	0
INVENTORY	1,105,503	944,266
CURRENT ASSETS	1,213,728	1,003,445
PP&E	560,219	477,281
DEPRECIATION	235,360	188,241
TOTAL ASSETS	1,549,125	1,298,983
CURRENT LIABILITIES	673,458	634,528
BONDS	0	0
COMMON	132,653	105,510
PREFERRED MANDATORY	0	0
PREFERRED	0	858
OTHER SE	729,409	545,621
TOTAL LIABILITY AND EQUITY	1,549,125	1,298,983
SALES	2,710,222	2,228,004
TOTAL REVENUES	2,710,222	2,228,004
CGS	1,956,836	1,607,457
TOTAL COSTS	546,211	449,786
OTHER EXPENSES	0	0
LOSS PROVISION	0	0
INTEREST EXPENSE	5,102	6,285
INCOME PRETAX	202,073	164,476
INCOME TAX	73,251	60,445
INCOME CONTINUING	128,822	104,031
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	0
NET INCOME	128,822	104,031
EPS BASIC	0.54	0.46
EPS DILUTED	0.48	0.39

End of Filing